PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

SASKATCHEWAN
WATERSHED AUTHORITY
RETIREMENT ALLOWANCE PLAN

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Letters of Transmittal

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2009.

Your obedient servant,

Rod Gantefoer
Minister of Finance

The Honourable Rod Gantefoer
Minister of Finance

Sir:

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2009.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Saskatchewan Watershed Authority Retirement Allowance Plan

Introduction

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA).

Enrollment

The Plan includes all out-of-scope employees of the Authority. As at March 31, 2009, there were 58 active members in the Plan.

Benefits

Members of the Plan retiring from the Authority, in accordance with the provision of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of forty (40) days pay effective January 1, 2006. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As administrators of the Saskatchewan Watershed Authority Retirement Allowance Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Saskatchewan Watershed Authority Retirement Allowance Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ended March 31, 2009 and the Provincial Auditor's report on these financial statements.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Kathy Deck
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
May 20, 2009

Saskatchewan Watershed Authority
Retirement Allowance Plan

Financial Statements

Year Ended March 31, 2009

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued benefits obligation and surplus of the Saskatchewan Watershed Authority Retirement Allowance Plan as at March 31, 2009 and the statements of changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued benefits obligation and surplus of the Plan as at March 31, 2009 and the changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 20, 2009

Fred Wendel, CMA, CA
Provincial Auditor

Saskatchewan Watershed Authority **Statement 1**
Retirement Allowance Plan
Statement of Net Assets Available for Benefits, Accrued Benefits Obligation and Surplus

As At March 31

	2009	2008
Net assets available for benefits		
Saskatchewan Watershed Authority contribution receivable (Note 3)	$344,800	$369,000
	$344,800	$369,000
Accrued benefits obligation (Note 3)	$344,800	$369,000
Surplus	$ -	$ -

(See accompanying notes to the financial statements)

Saskatchewan Watershed Authority **Statement 2**
Retirement Allowance Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended March 31

	2009	2008
Increase in Assets		
Saskatchewan Watershed Authority contribution receivable (Note 3)	$ 10,000	$ 57,400
Total increase in assets	10,000	57,400
Decrease in Assets		
Benefits paid	34,200	14,900
Total decrease in assets	34,200	14,900
Increase (decrease) in net assets	(24,200)	42,500
NET ASSETS AVAILABLE FOR BENEFITS, beginning of the year	369,000	326,500
NET ASSETS AVAILABLE FOR BENEFITS, end of year (to Statement 1)	$344,800	$369,000

(See accompanying notes to the financial statements)

Saskatchewan Watershed Authority **Statement 3**
Retirement Allowance Plan
Statement of Changes in Accrued Benefits Obligation

Year Ended March 31

	2009	2008
Accrued benefits obligation, beginning of year	$369,000	$326,500
Increase in accrued benefits obligation		
Benefits accrued	17,800	16,600
Interest on accrued benefits	20,300	15,100
Plan experience	-	48,200
	38,100	79,900
Decrease in accrued benefits obligation		
Benefits paid	34,200	14,900
Change in assumptions	23,800	22,500
Plan experience	4,300	-
	62,300	37,400
Accrued benefits obligation, end of year	$344,800	$369,000

(See accompanying notes to the financial statements)

Saskatchewan Watershed Authority
Retirement Allowance Plan
Notes to the Financial Statements

March 31, 2009

1. Description of the Plan

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA). An agreement has been established between PEBA and the Authority, which specifies the administrative services that the Authority will provide.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

Eligibility

The Plan includes all out-of-scope employees of the Authority. As at March 31, 2009, there were 58 (2008 – 56) active members in the Plan.

Benefits

Employees retiring from the Authority, in accordance with the provisions of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of forty (40) days pay effective January 1, 2006. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

2. Significant Accounting Policies

These financial statements were prepared in accordance with Canadian generally accepted accounting principles.

3. Accrued Benefits Obligation

The accrued benefits obligation of the Plan is receivable from the Authority and will be funded by the Authority as eligible employees retire. The present value of the accrued benefits obligation was determined using the projected benefits method prorated on service and the best estimate assumptions of the Authority's management. Plan experience is the difference between the expected and actual accrued benefit obligations and is recognized as an increase or decrease in the statement of changes in accrued benefits obligation. AON Consulting Inc. performed an actuarial valuation as at March 31, 2009 and March 31, 2008 to determine the actuarial present value of the accrued benefits obligation.

The accrued benefits obligation is based on many assumptions about future events. Actual experience may vary significantly from the long-term assumptions used. The actuarial valuation is based on the following assumptions:

	2009	2008
Discount rate	6.70%	5.50%
Inflation rate	2.75%	2.75%
Salary increase	3.00%	3.00%
Termination rate up to age 50	5.00%	5.00%

Retirement - members of the Capital Pension Plan – at age 60
- members of the Public Service Superannuation Plan – at the earlier of age 60 (20 years of service), age 65 (5 years of service) or 35 years of service

The following illustrates the effect of changes in these assumptions on the accrued benefits obligation:

Assumption	Change Made	Change in Obligation at March 31, 2009	Percentage Change in Obligation
Annual termination rate	Plus 0.5%	(1,100)	(0.3%)
	Minus 0.5%	1,200	0.3%
Discount rate	Plus 0.5%	(9,100)	(2.6%)
	Minus 0.5%	9,600	2.8%
General salary increase	Plus 0.5%	9,900	2.9%
	Minus 0.5%	(9,500)	(2.8%)

The actuarial present value of the accrued benefits obligation is long-term in nature and there is no market for settling this obligation. Therefore, determination of the fair value is not practicable.

4. Financial Risk Management

The nature of the Plan's operations result in a statement of net assets available for benefits, accrued pension benefits and surplus that consists entirely of financial assets and liabilities. As benefits are funded out of current operations of the Authority, the Plan's financial risks relate primarily to credit risk. The maximum credit risk to which it is exposed at March 31, 2009 is limited to the carrying value of its contributions receivable from the Authority.

5. Related Parties

Included in these financial statements are transactions with the Authority who is related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received the use of office space and administrative services from the Authority at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by the Authority.

6. Future Accounting Policy Changes

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after

January 1, 2011, including comparative figures for prior year. The Public Sector Accounting Board is currently deliberating the definition of publicly accountable enterprises as it applies to government entities. At this time the final outcome of these deliberations is not determinable, as a result, the impact on the Plan's future financial statements is not reasonably determinable.